

SENATE BILL 240

By Gardenhire

AN ACT to amend Tennessee Code Annotated, Section 10-7-503 and Section 29-20-401, relative to audits.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 10-7-503(d), is amended by deleting the subsection and substituting instead the following:

(d)

(1) All records of any association or nonprofit corporation shall not be open for inspection as provided in subsection (a), if the association or nonprofit corporation complies with the following requirements:

(A) The comptroller of the treasury or the comptroller's designee audits the association or nonprofit corporation annually;

(B) The cost of the audit is paid by the association or nonprofit corporation;

(C) Each audit is completed as soon as practicable after the end of the fiscal year of the association or nonprofit corporation. Each audit is available for public inspection. Copies of each audit shall also be made available to the press; and

(D) In addition to any other information required by the comptroller of the treasury, each audit shall also contain:

(i) A listing, by name of the recipient, of all compensation, fees or other remuneration paid by the association or nonprofit corporation, or any other association or nonprofit corporation

during the audit year to, or accrued on behalf of, the organization's directors and officers;

(ii) A listing, by name of recipient, of all compensation and any other remuneration paid by the association or nonprofit corporation during the audit year to, or accrued on behalf of, any employee of the association or nonprofit corporation who receives more than twenty-five thousand dollars (\$25,000) in remuneration for such year;

(iii) A listing, by name of beneficiary, of any deferred compensation, salary continuation, retirement, or other fringe benefit plan or program (excluding qualified health and life insurance plans available to all employees of the association or nonprofit corporation on a nondiscriminatory basis) established or maintained by the association or nonprofit corporation for the benefit of any of the association's or nonprofit corporation's directors, officers, or employees, and the amount of any funds paid or accrued to such plan or program during the audit year; and

(iv) A listing, by name of recipient, of all fees paid by the association or nonprofit corporation during the audit year to any contractor, professional advisor, or other personal services provider, which exceeds two thousand five hundred dollars (\$2,500) for such year. Such listing must also include a statement as to the general effect of each contract and must include each specific amount paid or payable thereunder.

(2) As used in this subsection (d), "association or nonprofit corporation" means an organization authorized by the laws of this state that:

(A) Was established for the benefit of local government officials or counties, cities, towns, or other local governments or as a municipal bond financing pool;

(B) Receives dues, service fees, or any other income from local government officials or local governments that constitute at least thirty percent (30%) of its total annual income; and

(C) Is authorized under state law to obtain coverage for its employees in the Tennessee consolidated retirement system.

(3) This subsection (d) does not apply to any association or nonprofit corporation that employs no more than two (2) full-time staff members.

(4) This subsection (d) does not apply to any association or nonprofit corporation that was exempt from federal income taxation under § 501(c)(3) of the Internal Revenue Code, codified in 26 U.S.C. § 501(c)(3), as of January 1, 1998, and which makes available to the public its federal return of organization exempt from income tax (Form 990) in accordance with the Internal Revenue Code and related regulations.

(5) Subdivisions (d)(1)(D)(i)-(iv) do not require the disclosure of any compensation or remuneration paid to any lobbyist registered with the Tennessee ethics commission who is registered to lobby for other employers in addition to being registered to lobby for the association or nonprofit.

(6) Subdivisions (d)(1)(D)(i)-(iv) do not require the disclosure of any compensation or remuneration paid to any attorney who is employed by a law firm and performs legal work for other employers in addition to performing legal

work for the association or nonprofit. This subdivision (d)(6) does not prohibit a requestor from obtaining the amounts of compensation or remuneration paid to an attorney on behalf of a political subdivision if the requestor requests the information directly from the political subdivision.

SECTION 2. Tennessee Code Annotated, Section 29-20-401(g)(1), is amended by deleting the subdivision and substituting instead the following:

An insurance pool, special fund, reserve fund, or legal or administrative entity administering any such pool or fund created and authorized under this section shall be audited annually by the comptroller of the treasury or the comptroller's designee. The commissioner of commerce and insurance shall assist the comptroller in the audit upon the written request by the comptroller.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.